

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Global Plus 3 (MC2016-152)
Negotiated Service Agreement

Docket No. CP2017-258

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE OF FILING
MODIFICATION TWO TO GLOBAL PLUS 3
NEGOTIATED SERVICE AGREEMENT

(August 22, 2018)

The Public Representative hereby provides comments pursuant to the Commission's Notice in this docket.¹ In that Notice, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Filing of a Modification to an existing Global Plus 3 contract²

Agreements under the Global Plus 3 product offer volume-based prices to Postal Qualified Wholesalers and other high-volume mailers that market mailing services to their end-use customers who ship mail and articles via any combination of the following: International Priority Airmail, International Surface Air Lift, Priority Mail Express International, Priority Mail International, and Commercial ePacket. Global Plus 3 agreements also permit the contract partner to act as a reseller for Priority Mail Express International and Priority Mail International at discounted prices.³

¹ PRC Notice Initiating Docket No. CP2017-258, August 16, 2018

² Notice of the United States Postal Service of Filing Modification Two to Global Plus 3 Negotiated Service Agreement. (Notice). August 15, 2018

³ PRC Order No. 4047, Docket No. CP2017-258, August 16, 2017

Prices and classifications “not of general applicability” for Global Plus 3 contracts were previously established by Governors’ Decision No. 11-6.⁴ In Order No. 3378, the Commission authorized the addition of the Global Plus 3 product to the competitive product list.⁵ Order No. 3378 designated Docket Nos. MC2016-152 and CP2016-196 as the Baseline Agreement. *Id.*

The Commission, in Order No. 4047, included the agreement that is the subject of this docket within the Global Plus 3 product.⁶ The Agreement is currently scheduled to expire on August 31, 2018. The instant Modification revises a few articles in the Agreement, adds a few annexes and extends the Agreement to August 31, 2019. Notice at 1. It is intended to become effective on September 1, 2018. *Id.*

COMMENTS

The Public Representative has reviewed the Postal Service’s Notice, the Agreement, and supporting financial model filed under seal as part of the Notice. Based upon that review, the Public Representative concludes that it appears the negotiated prices, as modified, in the Agreement should generate sufficient revenues to cover costs.

39 U.S.C. § 3633. Pursuant to 39 U.S.C. § 3633(a), the Postal Service’s competitive prices must not result in the subsidization of competitive products by market dominant products; ensure that each competitive product will cover its attributable costs; and, ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. In this proceeding, the financial model filed under seal, accompanying the Postal Service’s Notice, indicates that the modified prices

⁴ Decision of the Governors of the United States Postal Service on the Establishment of Prices and Classifications for Domestic Competitive Agreements, Outbound International Competitive Agreements, Inbound International Competitive Agreements, and Other Non-Published Competitive Rates (Governors Decision No. 11-6), March 22, 2011.

⁵ PRC Order No. 3378, Docket No. CP2016-196, Order Adding Global Plus 3 to the Competitive Product List and Approval of Designation as a Baseline Agreement, June 21, 2016.

⁶ PRC Order No. 4047, Order Approving Additional Global Plus 3 Negotiated Service Agreements, Docket No. CP2017-258, August 16, 2017.

in this Global Plus 3 contract should continue to generate sufficient revenue to cover costs and is thus in compliance with the requirements of 39 U.S.C. § 3633(a).

The Commission will have an opportunity to review the financial results for the Agreement in a future ACD Report for compliance with 39 U.S.C. 3633.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

Kenneth R. Moeller
Public Representative

901 New York Ave. NW
Washington, DC 20268-0001
202-789-6888
kenneth.moeller@prc.gov